

Interim Report of the Management Board of Asseco Business Solutions on the Company's Operations in the Six Months Ended 30 June 2019

ASSECO

CONTENTS

| | |
|--------------------------------------------------------------------------------------------------------|----|
| Selected financial data of Asseco Business Solutions S.A. | 3 |
| The Management | 4 |
| About Asseco Business Solutions | 4 |
| The Nature of Company's Assets and Liabilities | 9 |
| Risk Factors Related to the Company's Business | 9 |
| Proceedings Pending before the Court..... | 12 |
| Agreements Significant to the Company's Operations | 12 |
| Organisational Relations with Other Parties..... | 12 |
| Related Party Transactions on Non-Market Terms | 12 |
| Concluded or Terminated Loans Agreements | 12 |
| Granted Loans | 13 |
| Granted and Obtained Sureties and Guarantees | 13 |
| Description of Off-Balance Sheet Commitments | 13 |
| Proceeds from the Issuance of Shares | 13 |
| Explanation of Differences between the Financial Results and Financial Forecasts | 13 |
| Evaluation of Factors and Single-Time Events Affecting the Financial Results | 13 |
| Important Factors for the Company's Development and an Outline of Business Development Prospects | 13 |
| Changes in the Basic Principles of the Company Management..... | 14 |
| Agreements Concluded between the Issuer and Its Executives | 14 |
| Shareholding Structure..... | 14 |
| Statement of the Management Board of Asseco Business Solutions S.A. pursuant to Article 70(1)(6) | 16 |

Selected financial data of Asseco Business Solutions S.A.

1.

| | 6 months to 30 June 2019 <i>PLN thou.</i> | 6 months to 30 June 2018 <i>PLN thou.</i> | 6 months to 30 June 2019 <i>EUR thou.</i> | 6 months to 30 June 2018 <i>EUR thou.</i> |
|-------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| Operating revenues | 125,568 | 125,355 | 29,284 | 29,569 |
| Operating income | 36,330 | 35,888 | 8,472 | 8,465 |
| Profit before tax | 35,729 | 35,540 | 8,332 | 8,383 |
| Net profit for reporting period | 29,489 | 29,225 | 6,877 | 6,894 |
| Net cash from operating activities | 46,276 | 33,888 | 10,792 | 7,993 |
| Net cash generated (used) in investing activities | (8,550) | (6,751) | (1,994) | (1,592) |
| Net cash from financing activities | (46,149) | (26,690) | (10,762) | (6,296) |
| Cash and cash equivalents at end of period (comparable period: 31/12/2018) | 4,377 | 12,800 | 1,029 | 2,977 |
| Net income per ordinary share (in PLN/EUR) | 0.88 | 0.87 | 0.21 | 0.21 |

Selected financial data presented in these interim condensed financial statements has been converted into the EURO as follows:

- the Company's cash position at the end of the current reporting period and in the corresponding period of the previous year is translated at the average exchange rate announced by the National Bank of Poland on the balance sheet date.
 - On 30 June 2019, 1 EUR = 4.2520 PLN.
 - On 31 December 2018, 1 EUR = 4.3000 PLN.
- selected items from the interim condensed statements of comprehensive income and the interim condensed statements of cash flows are translated at the exchange rate being the arithmetic average of the average exchange rates announced by the National Bank of Poland on the last day of each month.
 - In the period from 1 January to 30 June 2019: EUR 1 = PLN 4,2880.
 - In the period from 1 January to 30 June 2018: EUR 1 = PLN 4,2395.

All amounts given in the financial statements are expressed in thousands of Polish zlotys (PLN), unless stated otherwise.

2. The Management

On 30 June 2019, the Management Board of Asseco Business Solution S.A. was made up of:

| | |
|------------------------|----------------------------------------|
| Wojciech Barczentewicz | President of the Board |
| Piotr Masłowski | Vice-President of the Management Board |
| Andreas Enders | Vice-President of the Management Board |
| Mariusz Lizon | Member of the Management Board |

On 30 June 2019, the Supervisory Board of Asseco Business Solution S.A. was made up of:

| | |
|-------------------|----------------------------------------|
| Jozef Klein | President of the Supervisory Board |
| Adam Góral | Vice-Chairman of the Supervisory Board |
| Romuald Rutkowski | Member of the Supervisory Board |
| Zbigniew Pomianek | Member of the Supervisory Board |
| Piotr Stępiak | Member of the Supervisory Board |

The Supervisory Board has an audit committee composed of Piotr Stępiak (chairman), Romuald Rutkowski and Adam Góral (members).

3. About Asseco Business Solutions

3.1. Business Profile

The core business of Asseco Business Solutions S.A. is the design and development of enterprise software. Companies that need modern management systems can benefit from the offering of Asseco BS as a complete and dedicated set of solutions tailored to the specific qualities, size and needs of almost any business in any industry.

“The goal of Asseco Business Solutions is to provide innovative IT solutions that enhance the enterprise management capacity and help develop and strengthen a competitive advantage in the market. When designing its systems, Asseco Business Solutions is always open and responsive to companies' needs and does its utmost to provide the most practical and effective tools that help grow the business.”

Mission Statement

The broad offering of Asseco Business Solutions includes ERP systems that support business processes in SMEs, a suite of applications for small-company management, programs optimizing the HR area, mobile SFA applications for the mobile workforce marketed Europe-wide, data exchange platforms, and programs handling factoring transactions.

All products designed by Asseco BS are based on the knowledge and expertise of experienced professionals, proven project methodology and the use of tomorrow's information technology tools.

With high quality products and related services, the software from Asseco BS has been successful in supporting the operations of tens of thousands of companies for more than fifteen years. Asseco BS's track record covers dozens of completed software deployments in Poland and in most European countries.



Asseco Business Solutions is part of the international Asseco Group, a Europe-leading vendor of proprietary software. The Group is a constellation of enterprises engaged in the advancement of information technology and is present in over 50 countries around the world, including most European countries and the USA, Canada, Israel, and Japan.

3.2. Product Offer

Asseco Business Solutions S.A. furnishes modern IT solutions for enterprises, irrespective of their size, character and industry. Within the Asseco Capital Group, Asseco Business Solutions S.A. serves as a Competence Centre responsible for the development of ERP software, mobile reporting systems (SFA), factoring systems, and software for SMEs.

In the ERP segment, Asseco Business Solutions S.A. offers modern and integrated software (Softlab ERP by Asseco and Macrologic ERP by Asseco) handling the management of medium and large enterprises. These products feature a wealth of functions. Softlab ERP by Asseco streamlines the management of the vast area of any company's business: production, finance and accounting, HR and payroll, logistics as well as sales and inventory management. It also provides an array of managerial tools offering management and analytical capabilities. The Macrologic ERP by Asseco suite is a package of IT solutions and consulting knowledge supporting corporate resource planning and management, efficient information and knowledge management and business analysis. In addition, the Macrologic-branded system, Merit ERP by Asseco, is Poland-first process-oriented ERP solution that supports the implementation of business processes in enterprises.

ERP software for SMEs is WAPRO ERP by Asseco. It is a family of management applications intended for small and medium-sized enterprises to support the operations of internal departments: sales, finance and accounting, human resources and mobile personnel. WAPRO ERP by Asseco can be implemented in virtually any industry. They offer trouble-free installation, easy configuration and intuitive operation.

The offering of Asseco Business Solutions also features mature sales support systems (Mobile Touch by Asseco), including the mobile SFA and FFA solutions, and services of electronic exchange of commercial data between the different links in a distribution chain (mainly between manufacturers and their wholesale partners (Connector Platform by Asseco). The mobile systems by Asseco BS are among the leading SFA solutions in the world. They have been implemented in 50 countries worldwide and boast as many as 45 thousand active users.

Most system deployments are performed in the full outsourcing model. It means that the Company assumes the full responsibility not only for the programs but also for the most sensitive components of the solutions: the system infrastructure, communications, supervision over the integration processes, or transfer of orders to distributors. Such an implementation approach is possible thanks to Asseco BS's own Data Processing Centre.

Asseco Business Solutions SA has also designed the Faktor system: a novel application tailored to the needs of the financial market, enabling a comprehensive handling of factoring transactions.

In addition, the Company generates the so-called unallocated revenue which falls outside the main segment. This category includes revenues from sales and deployments of Central Data Processing systems (including deployments of terminal solutions), based on third-party technologies, e.g. Citrix.

3.3. The Markets

The primary market for Asseco Business Solutions S.A. is Poland. The Company is also increasing its exports. Its products have been implemented in more than 50 countries in Europe, the Middle East, Asia, Australia, or Latin America.

Asseco Business Solutions has offices in 12 Polish cities (HQ in Lublin, a trade office in Warsaw), operates a network of several hundred business partners (distributing WAPRO ERP by Asseco) throughout the country and its own Data Centre in Lublin. The Company also offers access to the Data Centres for solutions deployed outside Poland: in Russia, China, India, the USA, and Brazil. The technological and business partners of Asseco Business Solutions are the largest global software and hardware vendors, such as Oracle, Microsoft, HP, IBM, Citrix.

The Company's IT solutions are deployed at tens of thousands of companies in Poland and abroad. Among them, there are many market global leaders but also smaller organisations aspiring to gain a competitive edge in their home markets. Some of the users of Asseco BS's solutions: Bacardi, Dr Oetker, Dr Zdrowie, Ekoinstal Holding, EURO RTV-AGD, Ferrero, Grupa Topex, Herbapol, Igępa Polska, Lotte Wedel, Kuchnie Świata, McCormick, Mokate, Mondelez International, Nestlé, P4 (Play), Perfetti Van Melle, Pernod Ricard, Reckit Benckiser, Tchibo, USP Zdrowie, Wyborowa, Wydawnictwo Naukowe PWN, Żywiec Zdrój and more.

3.4. Company's Position in the IT Sector

For several years, Asseco Business Solutions has been leading many industry rankings related to the Polish IT market.

The Company is ranked among the leading Polish vendors of ERP systems for both large and medium-sized enterprises (Softlab ERP by Asseco and Macrologic ERP by Asseco) and for SMEs (WAPRO ERP by Asseco). The Company came first in the 2018 edition of the prestigious ranking of ERP solution providers in Poland, Computerworld TOP200, a showcase of the Polish ICT sector.

Asseco Business Solutions received a positive evaluation in the latest report, Vendor Panorama for Retail Execution and Monitoring in Consumer Goods 2019, prepared by the Promotion Optimization Institute (POI). The Company and its Mobile Touch by Asseco system were ranked high in the majority of categories. Asseco Business Solutions has also won the prestigious POI Best-in-Class award for innovative SFA solutions and has been described as a global SFA supplier and leader for the FMCG industry.

3.5. Asseco Business Solutions in the Capital Market

Asseco Business Solutions S.A. made its début on the Warsaw Stock Exchange on 19 November 2007. The total number of Company's shares is 33,418,193. The Company is listed in the sWIG80, WIGdiv and the WIG-Informatyka.



In the period from 01/01/2019 to 30/06/2019, the price of Asseco BS's shares and its position in the WIG-20 index were as follows:



<https://www.inwestinfo.pl/>

In the period from 01/01/2019 to 30/06/2019, the price of Asseco BS's shares ranged between PLN 25.20 and 31.70. The top listing was recorded on 11/02/2019. At the close of the market session on 30 June 2019, the price of shares of Asseco Business Solutions amounted to PLN 27.40 and was 4% lower than at the close of the first market session of 2019 when it was reported at PLN 28.5.

3.6. Asseco Business Solutions: Development Outlook

The strategy of Asseco Business Solutions aims to build value for shareholders in the long term through organic growth and acquisitions. The Company focuses on improving its operating results and increasing its net profit, which is reflected in the long-term dividend policy.

The expected further profit surge and improved performance should increase the capitalization of the Issuer, which, in turn, should boost the liquidity of the Issuer's shares and encourage investment in the shares of Asseco Business Solutions S.A.

4. Overview of the basic economic and financial figures and factors and events having a significant impact on the Company's operations and achieved results

| | 6 months to 30 June 2019 | 6 months to 30 June 2018 | Growth rate 6 mths 2019/ 6 mts 2018 |
|-----------------------|-----------------------------|-----------------------------|-------------------------------------------|
| | PLN thou. | PLN thou. | |
| Receipts from sales | 125,568 | 125,355 | 0.17% |
| Gross profit on sales | 51,341 | 51,905 | -1.09% |
| EBIT | 36,330 | 35,888 | 1.23% |
| EBITDA | 48,482 | 45,071 | 7.57% |
| Net profit | 29,489 | 29,225 | 0.90% |

- In the first six months of 2019 the receipts from sales of Asseco Business Solutions S.A. amounted to PLN 125,568 thousand and were 0.17% higher than in the comparable period. The increase in receipts is attributable to the higher sales volume of the Company's products mainly on foreign markets.
- Higher sales eventuated in the growing level of operating expenses. The basic operating expenses (excluding COGS) were higher by 2.2% than in the comparable period of 2018. The largest share in the Company's operating expenses (69.5%) was allocated to employee benefits (primarily salaries). Compared with 2018, these expenses grew by 4.1%. Another important cost item was external services which decreased by 26.5% while amortisation went up by 32%. The value of COGS dropped by 23.8%.
- The net profit of Asseco Business Solutions realised in the first six months of 2019 closed at PLN 29,489 thousand, compared with PLN 29,225 thousand earned in the comparable period of 2018 (up by 0.9%).
- EBITDA increase by 7.57% to the level of PLN 48,482 thousand vs. the comparable period of 2018 results mainly from the application of IFRS 16 as from 1 January 2019, which the Company implemented without restating comparable data. This resulted in an increase in depreciation related to assets from right of use.

| Profitability ratios | 6 months to 30 June 2019 | 6 months to 30 June 2018 |
|-----------------------|-----------------------------|-----------------------------|
| Gross margin on sales | 40.89% | 41.41% |
| EBITDA profit margin | 38.61% | 35.95% |
| Operating margin | 28.93% | 28.63% |
| Net margin | 23.48% | 23.31% |

The Company classifies its revenues by segments: ERP systems and unallocated revenue. In the first six months of 2019 the revenues raised from the ERP Systems segment were 1.0% higher than in the comparable period.

| Revenue on sales by segment | 6 months to 30 June 2019 | 6 months to 30 June 2018 | Growth rate 6 mths 2019/ 6 mts 2018 |
|-----------------------------|--------------------------|--------------------------|-------------------------------------|
| ERP systems | 118,920 | 117,729 | 1.01% |
| Unallocated | 6,648 | 7,626 | -12.82% |
| | 125,568 | 125,355 | 0.17% |

5. The Nature of Company's Assets and Liabilities

| ASSETS | 30 June 2019 | share in balance sheet total | 31 December 2018 | share in balance sheet total |
|--------------------|--------------|------------------------------|------------------|------------------------------|
| Non-current assets | 337,211 | 88% | 300,778 | 83% |
| Current assets | 46,896 | 12% | 61,484 | 17% |
| TOTAL ASSETS | 384,107 | 100% | 362,262 | 100% |

| LIABILITIES | 30 June 2019 | share in balance sheet total | 31 December 2018 | share in balance sheet total |
|------------------------------|--------------|------------------------------|------------------|------------------------------|
| Total equity | 272,743 | 71% | 298,529 | 82% |
| Long-term liabilities | 42,111 | 11% | 13,012 | 4% |
| Short-term liabilities | 69,253 | 18% | 50,721 | 14% |
| TOTAL EQUITY AND LIABILITIES | 384,107 | 100% | 362,262 | 100% |

As at 30 June 2019, the total assets of the Company amounted to PLN 384,107 thousand, which is a growth by 6.0% compared with 31 December 2018.

The Company's main asset component is non-current assets, which account for 87.8 % of the balance sheet total. Among them, intangible assets are the key item (mainly goodwill) amounting to PLN 276,582 thousand. The share of this item in total assets is 72.0%. This is a rather standard situation among tech companies whose greatest asset is knowledge and intangible assets.

The increase in non-current assets compared to 31 December 2018 results from the implementation of IFRS 16 Leasing and the recognition of a new item: assets from right of use.

As at 30 June 2019, the Company's equity amounted to PLN 272,743 thousand (71.0% of liabilities).

An important item of short-term liabilities is also liabilities under contracts with customers (15.6%) related to prepayments for rendered services, such as IT services and care.

6. Risk Factors Related to the Company's Business

The Company is exposed to a number of risks that may have an adverse effect on its operations, financial standing and operating conditions as well as on its brands and corporate image. The Issuer's management

analyses the market setting and risk factors to which the Company is exposed on a regular basis. New projects and major transactions are subject to a thorough analysis.

Discussed below are some basic risks that, if occurred, may have a significant impact on the Company's operations.

Risks associated with the economic situation in the country and abroad

The IT services sector development is inextricably linked to the overall domestic and global economic situation. The financial results achieved by the capital company Asseco Business Solutions are definitely driven by the growing GDP and the level of investment in enterprises. A relatively good situation in the domestic market encourages businesses to new investment, including in the IT infrastructure. This should result in a greater number of new IT projects.

Risks involved in the execution of IT projects

The Company raises most of its income from the sales of IT solutions to enterprises. Systems vended by the Company have a material impact on the key operations of our clients. Error-laden operation of the system can lead to significant financial losses at the customer's, resulting in legal claims that may dent the reputation of the Company, as well as its financial position and development outlooks. In extreme cases, clients may, even in the absence of explicit Company's fault, terminate the concluded agreements or demand contractual penalties applicable in the event of a delayed project implementation. Such circumstances might have an adverse impact on the operations, financial position and financial performance of the Company, as well as affecting its prospective development.

Risks related to a more intense competition in the domestic market

The Company operates in the IT services market. This economy segment is marked by rapid development, on the one hand, and, on the other, by strong competition. The Company's operations are under pressure from ever stronger competition, both from the local players and international IT corporations, and may have an adverse impact on the Company's operations, financial position, financial results and future development outlook. Consolidation of the IT segment, the saturation of the domestic market and an increased use of in-house IT specialists by institutions and enterprises may also affect the Company's financial results.

Risk of overdependence on key accounts (lock-in)

ERP and HR software, mobile systems, Connector Platform and factoring systems comprise the core product portfolio and offering of the Company. The ERP software is the core sales revenue generator, still there is no single client that brings in revenues in excess of 10% of the total revenue. Revenue earned in cooperation with Asseco Poland S.A. account for approx. 1% of Company's receipts on sales. The loss of agreements with key customers will mean a change in the Company's financial results, which will also affect its financial position.

Risks of losing clients' trust

The implementation of IT systems in most cases involves long-term agreements with the system users and is based on users' trust. Client's trust is built up on the quality of our solutions and quality of implementation services rendered by the Company. Should the level of quality in both the provided services and customer service be reduced, it may lead to undermined trust in the Company. This may tarnish the Company's image and reputation, which can affect both the current market activity and the prospecting for new contracts, as testimonials play a vital role in the entire sales process. Losing clients' trust would therefore have a substantial negative impact on the operations, financial position and results of the Company, as well as on its future development outlook.

Risk of becoming overdependent on key suppliers

As part of its business, Asseco Business Solutions collaborates with global corporations that develop IT solutions and provide software and hardware. In the event that the key suppliers modify their the strategy of cooperation with local partners, e.g. begin favouring one partner over another, market their own services or products without intermediaries or revise the pricing policy, this may have a negative impact on the Company's operations and financial position, financial results and development prospects. Particular risks exist in the cooperation with Microsoft and Oracle because they are the only providers of database technology to the major ERP systems.

Risk involved in concluding contracts with the related parties

In the course of its business, the capital company Asseco Business Solutions enters into transactions with related parties within the Asseco Group. Such transactions ensure the effective operation of Asseco BS and include the exchange of services, supply of goods as well as other transactions. With regard to the tax regulations pertaining to dealings with related parties and especially to transfer pricing applied in such transactions, and the documentation required to be completed for such transactions, as well as due to the increasing interest of the tax authorities in the transfer prices and terms in related party transactions, it cannot be precluded that Asseco Business Solutions S.A. will be subject to tax audits or other controlling activities undertaken by the tax authorities in this respect. Furthermore, judging by the past taxation practices, when taxpayers engaged in transactions which were non-standard for their type of business and which helped decrease their tax charges, they were exposed to the accusations of tax evasion, which may have a negative impact on the Company's operations and financial result.

Risk involved in the influence of the majority shareholder on the Issuer

On the date of this report, Asseco Enterprise Solutions a.s. holds 46.47% of shares of Asseco Business Solutions S.A., which represents the same percentage of votes at the General Meeting. The decision on control by Asseco Enterprise Solutions a.s. is described in item I of the notes to the Interim Condensed Financial Statements of Asseco Business Solutions for the Six Months Ended 30 June 2019.

The scope of powers related to the share held by Asseco Enterprise Solutions a.s. in the share capital of Asseco Business Solutions S.A. can lead to a situation in which the remaining shareholders will have limited impact on the management and operations of the Company. In addition, the exercise of those powers may not be coinciding with the intentions of the other shareholders of Asseco Business Solutions S.A. Moreover, there is no guarantee that other shareholder will not acquire a block of shares to allow him, through his shares in the share capital and appointed representatives on the Supervisory Board, to have a significant impact on the Company's activities.

Risks of changes in regulations

Amendments, lack of cohesion and uniform interpretation of the provisions of law, in particular the tax regulations, the Act on Trading in Financial Instruments, the Act on Public Offering as well as the Polish Commercial Companies Code give rise to the regulatory risk occurring in the environment in which the Company operates. Particularly frequent are changes to tax laws and their interpretation. In the event the tax authorities take a position that is different from the Asseco BS's interpretation of relevant fiscal regulations, the Company's operations, economic situation and financial results may be affected. The growth of the Company's operations on the IT market depends, to a large degree, on the ownership of intellectual property rights, especially copyright to computer programs. Potential (even illegitimate) claims of copyrights, that may be raised by third parties, will have a negative bearing on the Company's operations, financial position and results.

Risk related to the losing of key personnel

A successful performance of the Company's agreements depends to a large extent on highly skilled personnel. Also, the executives exert a material influence on the overall shape of the Company. Any loss of personnel, both experts and managers, may entail the risk of compromising the quality of rendered services and lead to delays in performing under valid agreements. The growing demand for IT professionals and competitors' activities may lead to the loss of key personnel, as well as disrupting the recruitment of new talents with the desired competence, experience, and qualification. It may also lead to wage pressures by specialists. In the case of a dynamic development of the Company, this may cause a substantial shortage of key IT and managerial personnel, which would seriously impact the Company's results. Similar effects could be seen in the case of unlawful conduct of employees (e.g. damage to third parties, disloyalty manifested in, for example, undertaking competitive activity, or disclosure of confidential corporate and professional information).

7. Proceedings Pending before the Court

During the reporting period, no proceedings were pending before any court, competent authority for arbitration or a public administration body.

8. Agreements Significant to the Company's Operations

Selected important agreements concluded by Asseco Business Solutions S.A. in the first six months of 2019:

- Inter Team Sp. z o.o. - licensing and implementation of Safo WMS,
- CANPOL Sp. z o.o. – licensing and implementation of Asseco Softlab HR and the provision of maintenance services,
- Management Service Kłęka Sp. z o.o. – licensing and implementation of Asseco Softlab HR and the provision of maintenance services,
- Zakład Przetwórstwa Mięsnego Grot J. Grot sp.j. – licensing and implementation of Asseco Softlab HR and the provision of maintenance services.

9. Organisational Relations with Other Parties

Asseco Business Solutions S.A. belongs to the capital company Asseco through Asseco Enterprise Solutions (AES) which holds 46.47% of the shares of Asseco Business Solutions S.A. and exercises its mandate to the corresponding number of votes at the General Meeting. Asseco Enterprise Solutions is 96.41% owned by Asseco Poland. AES is the ERP competence centre of the capital company of Asseco, and Asseco Business Solutions S.A. is its mainstay. Through the membership in the Asseco Group, Asseco BS is implicitly organizationally linked with other companies making up the capital company Asseco.

10. Related Party Transactions on Non-Market Terms

The Issuer did not enter into transactions with related parties other than based on the arm's length principle. Details of related party transactions are presented in Note 2.14 to the Interim Condensed Financial Statements for the Six Months Ended 30 June 2019.

11. Concluded or Terminated Loans Agreements

During the covered reporting period, the Issuer did not enter into any loan agreements.

12. Granted Loans

During the reporting period, the Issuer did not grant any loans, especially to parties related to the Issuer.

13. Granted and Obtained Sureties and Guarantees

During the reporting period, the Issuer did not grant any sureties for credits or loans or guarantees, especially to parties related to the Issuer.

14. Description of Off-Balance Sheet Commitments

A description of significant off-balance sheet commitments in terms of the subject, object and value was presented in item 3.2 of the Notes to the Interim Condensed Financial Statements of Asseco Business Solutions for the Six Months Ended 31 December 2017.

15. Proceeds from the Issuance of Shares

During the reporting period, the Issuer did not issue any shares.

16. Explanation of Differences between the Financial Results and Financial Forecasts

The Management Board of Asseco Business Solutions S.A. did not publish performance forecasts for 2019.

17. Evaluation of Factors and Single-Time Events Affecting the Financial Results

No other information and facts are known, besides what is disclosed in the Interim Condensed Financial Statements for the Six Months Ended 30 June 2019, that could significantly affect the assessment of the Company's financial situation.

18. Important Factors for the Company's Development and an Outline of Business Development Prospects

The condition of the Polish IT industry largely depends on the overall fitness of the country's economy. This is particularly evident in the case of IT solutions for business, which is closely associated with the private sector and depends on the prevailing economic conditions. Today, however, many analytical firms believe that the outlooks for the IT industry in Poland is very promising, and Poland is leading the region in terms of the scale of forecast IT investment, particularly in cloud computing and mobile technologies. A profound impact on the development of the IT market is also exerted by the use of ERP systems by Polish enterprises. It is still significantly lower than in the developed EU markets. It is expected that in the next few years the demand for management support systems in Polish enterprises is to grow steadily.

In the opinion of the Management Board of Asseco Business Solutions S.A., the financial situation and the market position of Asseco Business Solutions S.A. are satisfactory and promise advantageous conditions for further development and operations in 2019. In the opinion of the Management Board, the most important external and internal factors that may affect the operations of the Company and its prospective results in the following year are:

External factors:

- the economic and political position of Poland, the European Union and other geographies,
- the attitude of potential clients to investment in IT against the backdrop of the general economic situation,
- risk of time-shifting of potential clients' investment decisions,
- intense direct and indirect competition from both Polish and foreign IT companies,
- risk related to technological saturation,
- risk related to misestimation of the scope of project effort,
- the prospects for expanding markets outside the existing Company's areas of operation,
- risk of increased labour costs,
- opportunities and risks related to technological changes in the IT industry and the development of new products,
- market openness and absorption capacity for new product solutions.

Internal factors:

- the quality and comprehensive nature of Company's offering,
- the results of intense and ongoing trade activities both domestically and abroad,
- activities run under currently valid agreements,
- capacity to adapt products to changing legislation,
- the need to attract and keep the most qualified and key employees,
- effects of work on new products.

19. Changes in the Basic Principles of the Company Management

In the reporting period, there were no changes to the basic principles of management of Asseco Business Solutions S.A.

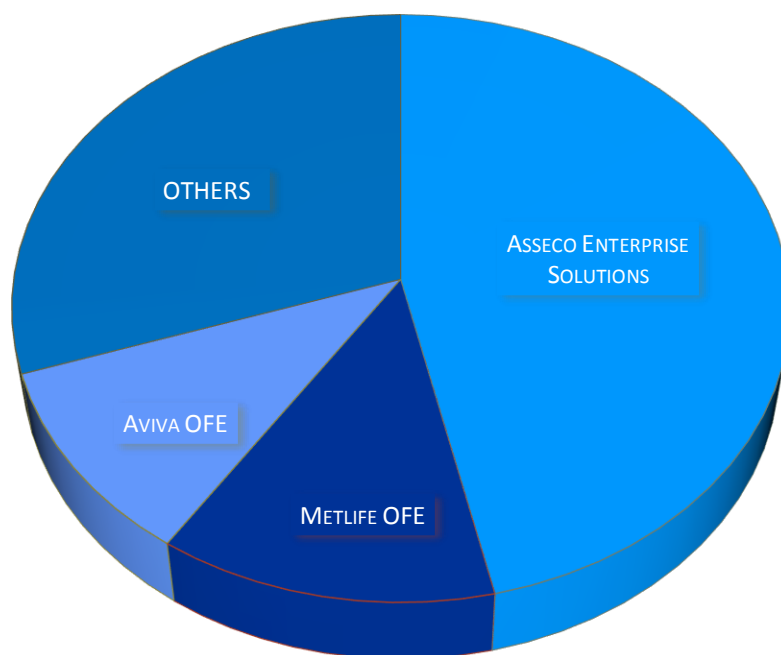
20. Agreements Concluded between the Issuer and Its Executives

In the reporting period, no agreements were concluded between Asseco Business Solutions S.A. and its management that would provide for compensation in case of their resignation or dismissal.

There are no service agreements entered into between Asseco Business Solutions S.A. and the members of the Supervisory Board, setting out the benefits paid upon termination of such agreements.

21. Shareholding Structure

To the best knowledge of the Management Board of the Issuer, that is, on 1 August 2019, and based on the notification of changes in the shareholding received later, the shareholders of Asseco Business Solutions S.A. holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting on the day of 13 May 2019 are as follows:



| Shareholder | Number of shares held | Shareholding in % | Number of votes | % in the total number of votes at GM |
|------------------------------------------------|-----------------------|-------------------|-------------------|--------------------------------------|
| Asseco Enterprise Solutions | 15,528,570 | 46.47% | 15,528,570 | 46.47% |
| Metlife Otworthy Fundusz Emerytalny | 4,300,000 | 12.87% | 4,300,000 | 12.87% |
| Aviva Otworthy Fundusz Emerytalny Aviva BZ WBK | 3,526,000 | 10.55% | 3,526,000 | 10.55% |
| Other shareholders | 10,063,623 | 30.11% | 10,063,623 | 30.11% |
| | 33,418,193 | 100.00% | 33,418,193 | 100.00% |

The number of shares attributable to the critical shareholders corresponds to the number of votes at the General Meeting.

Overview of the Issuer's Shares or Rights to them Held by the Executive and Supervising Persons:

| | 30 June 2019 | | 31 December 2018 | |
|------------------------|-----------------------|-------------------------|-----------------------|-------------------------|
| | number of shares held | % share in shareholding | number of shares held | % share in shareholding |
| Executive persons | | | | |
| Wojciech Barczentewicz | 461,267 | 1.38% | 461,267 | 1.38% |
| Piotr Masłowski | 715,063 | 2.14% | 715,063 | 2.14% |
| Mariusz Lizon | 183,000 | 0.55% | 183,000 | 0.55% |
| Supervising persons | | | | |
| Romuald Rutkowski | 426,828 | 1.28% | 426,828 | 1.28% |
| TOTAL | 1,786,158 | 5.35% | 1,786,158 | 5.35% |

Statement of the Management Board of Asseco Business Solutions S.A. pursuant to Article 70(1)(6) of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and on the conditions for recognition as equivalent of the information required by the laws of a non-member state ("Regulation")

The Management Board of Asseco Business Solutions S.A. declares that, to the best of its knowledge, the interim condensed financial statements of Asseco Business Solutions S.A. for the period of six months ended 30 June 2019, and the corresponding figures for the 6 months ended 30 June 2018 have been prepared in accordance with the Group's accounting policy and the International Financial Reporting Standards adopted by the EU, and reflects a reliable, accurate, clear and fair the financial position and financial performance of Asseco Business Solutions S.A. This Report of the Management Board on the Company's Operations provides a true picture of the development and achievements of the Company, including an overview of major risks and uncertainties.

Management Board of Asseco Business Solutions S.A.:

| | | |
|------------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Wojciech Barczentewicz | President of the Management Board | Signature Not Verified Document signed by Wojciech Juliusz Barczentewicz Date: 2019.08.01 13:53:26 CEST |
| Piotr Masłowski | Vice-President of the Management Board | Signature Not Verified Document signed by Piotr Jerzy Masłowski Date: 2019.08.01 14:10:03 CEST |
| Andreas Enders | Vice-President of the Management Board | Signature Not Verified Digitally signed by Andreas Enders Date: 2019.08.01 16:21:34 CEST |
| Mariusz Lizon | Member of the | Signature Not Verified Document signed by Mariusz Paweł Lizon Date: 2019.08.01 12:16:07 CEST |

Asseco Business Solutions S.A.

info@assecobs.pl

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